



# PSC NEWS

## Missouri Public Service Commission

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### **SOUTHWESTERN BELL TO CHANGE BASIC MONTHLY TELEPHONE RATES UNDER PRICE CAP FILING**

Jefferson City (November 25, 2002)---Southwestern Bell Telephone Company will increase the basic monthly telephone rates for many one-party residential and business customers by less than 1 percent under price cap regulation filings the telephone company can make under a 1996 state law.

The Missouri General Assembly passed legislation in 1996 which granted companies such as Southwestern Bell Telephone Company the ability to adjust rates with limited Commission oversight, while ensuring that customers pay reasonable charges for their services (called price cap regulation). **Under the 1996 state law, telephone rate changes must be filed with the Missouri Public Service Commission. The Commission then ensures that those charges comply with the law. If they comply with the law, those changes are allowed to take effect without the filing of a rate case before the PSC.**

The rate changes filed by Southwestern Bell Telephone Company will take effect on December 1, 2002 and December 2, 2002. Southwestern Bell serves more than 2.5 million access lines in Missouri.

Under the price cap filings, basic monthly telephone rates for flat rate one-party residential customers will increase by between 6 cents and 11 cents a month depending on the customer's rate group. Flat rate one-party business customers will see basic monthly telephone rates increase by between 15 cents and 25 cents depending upon their rate group. In addition, mileage charges for various customers will increase, as will Extended Area Service (EAS) rates for subscribing customers. Southwestern Bell Telephone Company will also increase, by less than 1 percent, access charge rates (rates that it charges long-distance carriers for access to the Southwestern Bell system to either originate or terminate a long-distance call).

The Missouri Public Service Commission determined on September 16, 1997, that Southwestern Bell Telephone Company met the standard to become price cap regulated in Missouri. Under state law, Southwestern Bell was eligible to become price cap regulated when it was determined by the PSC that an alternative local exchange telecommunications company had been certified to provide basic local telecommunications service and was providing that service in any part of Southwestern Bell's service territory.

Under price cap regulation, Southwestern Bell's basic local telephone rates were frozen until January 1, 2000. After that date, prices could increase or decrease annually according to two relatively conservative government price indexes, which are based on the price of telephone service throughout the country.

In a Southwestern Bell price cap filing last November, basic monthly telephone rates for one-party residential and business customers dropped, as did mileage charges and EAS rates. In addition, the filing reduced access charges for long-distance carriers.